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SIPDIS

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SUBJECT: GALILEO: AMBASSADOR ARAGONA ADVOCATES ADDITIONAL
TECHNICAL TALKS TO RESOLVE M-CODE OVERLAY ISSUE

REF: USNATO 00777

Classified By: A/ECMIN David W. Mulenex; reasons 1.5 B and D.

1. (C) Summary: Italian MFA Political Director Gianfranco Aragona informed a U.S. delegation on July 16 that he still believes technical solutions exist to the U.S.-EU dispute over the Galileo Public Regulated Service (PRS) signal overlay of the M-code. Aragona recognized US security concerns regarding the overlay, but repeatedly insisted the EU must safeguard the "Integrity and operability" of Galileo. The U.S. delegation insisted that an overlay would harm U.S. and NATO NAVWAR capabilities and put lives at risk in the event of warfare. Aragona did not completely reject the delegation's point that a political solution was necessary to avoid this outcome but made it clear he does not believe the dispute is ripe for high level political intervention. Aragona did agree that the delegation's suggestion to merge unclassified technical talks and plenary negotiations was a good idea and promised to convey the idea to the Commission. Aragona stated firmly that NATO would not be an acceptable venue for classified discussions. He suggested they could take place at the US Mission to NATO, but insisted that he participants must be limited to the U.S. and the EC. See Embassy comment para 16. End Summary.

2. (U) On July 16 a U.S. delegation met with Italian MFA Political Director Gianfranco Aragona to discuss the US-EC dispute over the Galileo Public Regulated Service (PRS) signal overlay of the GPS M-code. The U.S. delegation was led by Ralph Braibanti, Director, Space and Advanced Technology, State Department Bureau of Oceans and International Environmental and Technical Affairs and included Mel Flack, Director, Communications Electronic Division, US Mission to NATO; Richard McKinney, Deputy Director Space Acquisition, US Air Force; Todd Wilson, EST Officer, US Mission to the EU; Marja Verloop EUR/ERA; and representatives from the political and science sections of Embassy Rome. Those joining Aragona included Giovanni Brauzzi, Director, Office of NATO Affairs, MFA; Sandro Bernardin, European Correspondent, MFA; Mario Caporale, Navigation Office, Italian Space Agency; and Umberto Cantielli, Chief, Navigation Identification Office, Defense General Staff, Ministry of Defense.

U.S. Delegation Insists Political Solution is needed

3. (C) Braibanti told Aragona that the U.S. believes it is important to hold informal consultations with key EU member States to advance U.S.-EC differences over Galileo towards a decision. He recalled that the President raised M-Code overlay at the last U.S.- EU Summit. In reviewing the USG position on Galileo, Braibanti explained that the U.S. accepts the EU satellite system as a reality, but the security implications of having the Galileo Public Regulated Service (PRS) overlay the GPS M-Code are unacceptable to both the U.S. and NATO. so far, the U.S. has fought a defensive battle with the European Commission (EC). Braibanti allowed that some progress has been made in convincing European officials that direct overlay of M-Code by the PRS is a bad idea. However, consideration being given by the EC to use BOC 2.2 for Open Service (OS) also involves a partial overlay of M-Code, and damages navigational warfare capabilities. The U.S. will be unable to accept this outcome.

4. (C) Braibanti assured Aragona that the USG is committed to finding a solution, but cautioned that without some flexibility and compromise from the EC, progress will be difficult. The U.S. has proposed several technical options for Galileo PRS and OS that our experts believe meet all stated technical and performance requirements for Galileo services. Braibanti underscored that, given the EC's timetable for making design decisions on Galileo, member states may find that the Commission has locked in technical solutions that threaten U.S. and NATO capabilities to conduct navigational warfare. To avoid this eventuality, which could put allied lives at risk, member states need to give clear political guidance now to the EC that the Galileo signal

structure cannot undermine NAVWAR operations.

But Aragona Puts Faith in Further Technical Talks

15. (C) Aragona, signaling his reluctance to take on U.S. concerns vis-a-vis Italy's EU partners, underscored that Galileo negotiations had been entrusted to the EC. He assured the U.S. team that Italy recognized the security issues at stake. "Given our NATO membership it would be crazy for us not to be sensitive to U.S. arguments," Aragona declared. These concerns are shared by the EC, he claimed, but any solution must also safeguard the "integrity and operability of Galileo for it to be a commercially viable and reliable system (Note: Aragona came back repeatedly throughout the course of the consultations to this theme. End Note).

16. (C) Aragona pressed claims by EC experts that technical negotiations could lead to a solution to both protect the integrity and operability of Galileo and address US security concerns. Referencing the U.S.-EU Summit, Aragona asserted that, as an "agreement" had been reached to proceed with technical talks, the pace of negotiations to try to reach a "technical solution" to the overlay conundrum should be intensified. Italy and the EC are ready to take into account U.S. and NATO security concerns and believe that technical solutions, which protect them, are available.

17. (C) Aragona wanted to know when the U.S. would be ready to discuss the most recent EC proposals, which he understood included a certain "inventiveness" and were "not so stuck in the prejudices of the past." The EC was ready to sit and discuss a mutually agreeable technical solution. As for political input, Aragona said once more that the Commission is well aware that U.S. security concerns must be addressed while taking into account the "integrity" of the Galileo system.

18. (C) Braibanti countered that, with regard to EC technical proposals, he was aware of only two to which a formal reply had not been given: using filtering to mitigate the navigation warfare problems posed by overlaying BOC 2.2, and having the U.S. change the frequency for its military GPS signals. In the spirit of cooperation, the U.S. had not rejected these ideas out of hand, but instead asked its technical experts to analyze them carefully. Now that he had seen the results of this analysis, Braibanti could say with some certainty that it is highly unlikely that either of these options will work. Summing up this portion of the discussion, Braibanti framed the state of play for Aragona: We may well reach a situation in September where we will have analyzed the EC's proposals and decided they can not provide a solution which protects U.S. and NATO capabilities to conduct NAVWAR. Our concern is that if EC technical experts continue to operate within their current frame of reference, we will arrive at a technical impasse. To avoid this impasse, the EC team needs clear political direction from member States that they should focus on options that do not negatively impact NAVWAR. (Note: on the margins of the meeting, Braibanti told Aragona that the USG worries the EC negotiators may be positioning themselves to argue to the EU member states that they had made a good faith effort to reach a compromise, but the U.S. would not meet them halfway, so Galileo must move ahead without an agreement to cooperate with the U.S. Aragona discounted this possibility, suggesting that the EC recognizes the need for Galileo-GPS interoperability. (End Note)

NATO a Non-Starter for Classified Talks

19. (C) Aragona said the U.S. and EU face a practical problem over where to hold classified discussions and that this problem should be easily resolvable. Italy expects the U.S. to provide a formal answer to the letter EC negotiator Heinz Hillbrecht sent to Braibanti on July 2 (reftel). Aragona maintained that the EC wants further discussions in a classified setting, but that setting can not be NATO. He underscored this point in uncharacteristically blunt language. Aragona said holding the talks at the US Mission to NATO was perfectly acceptable as long as they were U.S.-EC rather than NATO-EC discussions. The issue under discussion is between the U.S. and the EC, Aragona argued, and, moreover, there are several non-EU members of NATO. Braibanti took Aragona's points and assured him that the USG was considering the issue of additional classified discussions, including the modalities for such meetings.

Some Agreement on Procedure, but....

10. (C) Braibanti, moving the discussion to how and when to hold the next plenary negotiating session, said the U.S. will work with the Commission on dates for a September meeting to review technical and trade issues. He suggested folding the technical discussions into the plenary negotiating session. This could help to ensure transparency and avoid misunderstanding among the political negotiators about the

available technical options. Aragona acknowledged that Braibanti's idea had merit and committed to "see what could be done" to make a political recommendation to the EC to proceed along these lines.

Still Talking Past Each Other on substance

11. (C) The U.S. delegation raised concerns that France might be driving the EC toward a decision counter to the interests of other EU member states, the U.S. and NATO. Mel Flack said it was difficult not to arrive at the conclusion that France was interested in an M-Code overlay so it could guarantee reliability for precision guided weaponry it might seek to sell to third countries.

12. (C) "I have objected to Europeans who say that U.S. actions demonstrate an intent to undermine Galileo," Aragona told the delegation. "Likewise," he said, "I do not believe that there is any maliciousness on the part of a particular country or the EC." Above all, he maintained, Galileo is a commercial undertaking; the system's signal structure was selected according to well established criteria based on the belief that it provided the most robust, reliable service. "I accept your arguments about the need to jam adversaries in a NAVWAR context," he said, but the U.S. "needs to keep in mind that Galileo service must be sold. The problem of selective jamming is not just political; commercial aspects are also involved." When Aragona stated it would not be acceptable to expect the EU to settle for alternate, less robust, signals, Braibanti countered it would be unacceptable for the U.S. and its allies to risk the lives of soldiers in order to allow the EU to have more robust signals for Galileo.

13. (C) Aragona acknowledged the point in passing, but moved quickly to close and summarize the conversation. He suggested the next step would be to find a suitable venue to hold classified discussions. He claimed there is flexibility and that the EU is aware of the need for a solution amenable to both sides. Braibanti emphasized that after the September discussions the USG would like to hold another set of bilateral consultations with Italy. Aragona was noncommittal, offering to share thoughts after the September plenary session and then decide on a way forward. In terms of U.S.-Italian engagement, he said he hoped that discussions would not lead to the "extreme" situation in which the U.S. and EU would be negotiating on exclusively U.S. terms, by which he meant asking the EU to accept moving PRS to another frequency band and to only then negotiate a solution. He noted in closing that Italy had its own technological and industrial interests to defend.

Better Signals, Less Political Clout from Other GOI Ministries

14. (C) Braibanti, Flack and EST Couns met with Vice Minister for Research Guido Possa on July 15. Possa is responsible for the Italian Space Agency and through it for Italian participation in ESA. After a brief explanation of the overlay problem and its implications for NAVWAR, Possa immediately understood that a political, and not a technical approach was needed to resolve outstanding problems. Possa suggested that the U.S. should work closely with the Germans, and in Italy with Minister of Defense Martino, whose commitment to NATO and to close cooperation with the U.S. were well known. On the margins of a July 28 representational event, ESTCOUNS and A/POLMINCOUNS raised briefly the overlay problem with MINDEF Martino. Martino said that, from his point of view, Galileo was unnecessary and a huge waste of money -- one GPS system was enough. He was unaware that the USG now supported Galileo in principle. Martino was sensitive to our arguments on the security implications of the overlay, but observed that he was perceived within the GOI as too pro-American to be of much assistance. He suggested that the Embassy's best bet for moving the GOI closer to the USG position would be to approach U/S to the PM Gianni Letta, who, we note, is PM Berlusconi's closest political advisor.

15. (C) ESTCOUNS, ECONCOUNS, AND USEU ECONCOUNS met July 18 with Ministry of Transport Diplomatic Advisor Maraini to discuss the Aragona meetings and to seek the perspective of the Ministry on the decisions to be taken concerning Galileo at the December Transport Council. Maraini told us that he believed that Galileo was now principally a political problem, and a problem beyond the competency of the Transport Ministry and Transport Council. In a candid appraisal of Hillbrecht-whom Maraini admitted he did not know well--the Diplomatic Advisor said that the decision to be taken was beyond the competency of Hillbrecht's technical committee. Maraini understood and agreed with our assessment that very little time and scope remained for technical solutions, and that an impasse requiring a major political decision by the EU was likely. Maraini is worried about the outcome. He undertook to prepare a note for Minister Lunardi to be sent to the Prime Minister before the PM's departure for Crawford.

¶16. (C) Embassy Comment: The U.S. delegation made the trip to Rome to follow up on indications from Aragona, made during his recent trip to Washington, that he may have been willing to carry some water for us with the EC and member states. We were left with the impression that Italy's PolDir had instead decided to keep his EU hat firmly in place and stick to the script of the EC briefing book on Galileo. Despite understanding within the functional ministries of the GOI, peeling Aragona, the MFA, and Italy away from the EC position will be difficult, judging from Aragona's assessment that "technical solutions" still offer a way forward. He threw us a quarter of a bone by offering to help give political top cover to the expert level technical discussions. However, Aragona's implicit insistence that Galileo's commercial viability may depend on at least a partial M-Code overlay to "guarantee" service is troubling for its resemblance to French arguments.

¶17. (U) This message has been cleared by OES/SAT Braibanti. Sembler